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OUR NATION'S GOLD RESERVE— STATEMENT BY SENATOR ROBERTSON

Mr. ROBERTSON. Mr. President, since I was quoted in today's issue of a New York newspaper as being opposed to the recommendation of the Joint Economic Committee that Congress repeal the present 25-percent gold backing for our currency, I ask unanimous consent to have printed in the RECORD a brief explanation of my opposition to that proposal.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

OUR NATION'S GOLD RESERVE

In 1933 the United States went off the gold standard over the bitter protests of my predecessor, Carter Glass, but continued it for the benefit of foreign governments and central banks holding our dollars. Under the Gold Reserve Act of 1934, a reserve was established against Federal Reserve and other notes and deposits in Federal Reserve banks.

However, with the exception of a brief period in 1945, just before the reserve requirement for Federal Reserve notes was reduced from 40 to 25 percent, there was sufficient gold over and above the required reserve so that, if the Federal Reserve Board had not exercised caution, excessive inflation could have occurred, and could still occur. For example, the \$2.6 billion of "free" gold at the present time could be used by the Federal Reserve to increase bank reserves by about something like \$10 billion, and even at present reserve requirement levels, this could generate up to almost \$75 billion in demand deposits.

The U.S. Government now maintains a gold reserve only for two purposes: First, to provide the statutory 25-percent backing for Federal Reserve and other notes and deposits in Federal Reserve banks; and second, to enable the Government to maintain our international gold standard under which we stand ready to supply gold to foreign governments and central banks at \$35 an ounce in exchange for dollars.

As everyone knows, our gold balance has shrunk over the past 15 years from a high of \$24.8 billion in August 1949 to \$15.6 billion at the end of 1963. During the same period the "free" gold—the gold not required as backing for Federal Reserve notes, etc., and therefore available to support our international gold standard—has shrunk from \$14.3 billion to \$2.6 billion.

This decline in our "free" gold stock is the visible symbol of the balance-of-payments situation. It is the net cost of our \$100 billion foreign aid program.

In the last few quarters, the decline in our "free" gold supply has slowed down greatly. Our balance-of-payments situation has improved, and I hope we will be able to continue this improvement until we have eliminated the deficit.

In the meanwhile, suggestions have been made from time to time to eliminate the 25 percent gold reserve behind our currency. The purpose usually given for these proposals is to free additional supplies of gold to meet our international commitments and to maintain our international gold standards.

I do not agree with these proposals. I do not think the elimination of the 25-percent gold reserve at this time is either necessary or desirable.

The gold reserve behind our currency was fixed at 25 percent in 1945. This was a reduction from the previous figures, 40 percent on Federal Reserve notes and 35 percent on deposits. Obviously, the precise figure has no vital significance in and of itself.

My objection is not based on the theory that 25 percent is the perfect figure. My objection is based on my view that the elimination of the reserve would provide for the executive branch an additional \$15.6 billion of "free" gold which it could use to carry along an unfavorable balance of payments, without taking the unpleasant actions which will undoubtedly be necessary in order to eliminate the unfavorable balance of payments.

Under the present arrangements, if our balance of payments is not corrected before the \$2.6 billion of "free" gold we now have is gone, the Federal Reserve System is authorized to suspend the reserve requirements for 30 days and for succeeding 15-day periods, but the Board of Governors must impose on the Reserve banks a tax, depending on the amount of the deficiencies. These taxes would, in turn, increase the discount rates charged by the Reserve banks.

When this happened, the Congress would be in an excellent position to require the executive branch to exercise the sound fiscal and monetary policies which would be necessary to correct the balance of payments. Some of these measures we might find as unpleasant as those the International Monetary Fund seeks to impose on financially unstable governments around the world. The United States, like other nations, finds it hard to exercise financial self-restraint.

Of course, even if the 25-percent gold reserve requirement is abandoned now, the United States would have to face up to its balance-of-payments problems in the long run. I should greatly prefer, however, for Congress to review the matter and have an opportunity to correct the balance-of-payments problems while we still have \$15.6 billion of gold kept as a reserve against our currency.

In short, I think keeping this 25-percent gold reserve requirement is a symbol to the world of our determination to face up to and to solve our balance-of-payments problems and to maintain a sound dollar.

DEFENSE OF PAUL DELANEY

Mr. ROBERTSON. Mr. President, when Paul J. Delaney, of Hudson, N.Y., ascertained that I was a charter member of the American Legion Lexington Post No. 186, he wrote me that he was a charter member of the Legion Hudson Post No. 184. With his letter, he sent me a copy of his letter of February 27, written on American Legion stationery, to his two New York Senators.

Today, I received a letter from Mr. Delaney's hometown friend, Germond Buffington, Esq., with which he enclosed his answer of the 16th to Senator KEATING's attack upon our mutual friend, Mr. Delaney. I ask unanimous consent that the Buffington letter be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HUDSON, N.Y., March 16, 1963.

Senator KENNETH B. KEATING,
Senate Office Building,
Washington, D.C.

MY DEAR SENATOR: I have read with considerable interest and apprehension, your attack in the press on Mr. Paul Delaney.

According to the press, you termed Mr. Delaney's letter an example of the increasing amount of "hate" letters which you are receiving from the Northeast.

Had you searched from Plattsburgh, to New York City, you could not have found one person less capable of writing a "hate" letter.

Mr. Delaney is a devout Roman Catholic who has absorbed and lived the best that the Catholic Church has to offer.

The writer is a Protestant and I assume that you also are a member of the Christian Church. But if either you or I have absorbed half the Christianity, or practiced it in our daily living that Mr. Delaney has, you and I are indeed fortunate.

Mr. Delaney has made a lifelong study of the Constitution, and the defense of it has consumed much of his time. I know of no one whose detailed familiarity with the Constitution is more complete.

It would seem that the citizens of the United States have a right to expect that their Senators and Congressmen be at least as familiar with the Constitution as are some private citizens.

Furthermore, the citizens have a right to expect that these representatives conduct their activities within the framework of the Constitution which they have sworn to uphold and defend.

With a piece of legislation as all encompassing and as fatal to republican form of government as is this piece of legislation, the citizens have a right to expect that their representatives will make an especially exhaustive study of the Constitution as regards that particular legislation. Apparently for some unknown reason you either have not chosen to do that or you deliberately plan to circumvent the Constitution.

Inasmuch as both of Mr. Delaney's statements about the Communist action directives and the provisions of the present so-called civil rights bill are so unquestionably true according to Senate and congressional records, one is forced to ask you if your unjustified attack upon Mr. Delaney is to be construed as simply a personal attack, or may we now assume that you are at last coming out openly in defense of the Communist conspiracy.

Sincerely,

GERMOND BUFFINGTON.

EFFORTS TO RESUME DIPLOMATIC RELATIONS BETWEEN SOUTH VIETNAM, LAOS, AND CAMBODIA

Mr. MANSFIELD. Mr. President, a very heartening news story from South Vietnam appeared in the New York Times yesterday. In an article written in Saigon, Peter Grose reported that General Khanh is making efforts to resume normal diplomatic relations with Laos and Cambodia, and that his initiatives have been welcomed by the heads of government of these countries. The United States has wisely encouraged General Khanh in this course. I am especially hopeful that this improvement in relations will lead to a settlement which will not only close the Cambodian-Vietnamese borders to the infiltration of supplies and men from the North and otherwise prevent misuse of Cambodian territory by the Vietcong, but will also allay Cambodia's longstanding fear of Vietnamese territorial expansion at the expense of the Khmer people. This fear, deeply rooted in Indochinese history, has been a serious destabilizing influence in this area, irrespective of its present validity.

I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Mar. 19, 1964]

SAIGON SEEKING ACCORDS WITH LAOS AND CAMBODIA—KHANH ACTS TO NORMALIZE VIENTIANE TIES AND END RIFT WITH SIHANOUK

(By Peter Grose)

SAIGON, SOUTH VIETNAM, March 18.—Premier Nguyen Khanh seized the diplomatic initiative in southeast Asia today. He disclosed two moves aimed at drawing neighboring Cambodia and Laos into an anti-Communist accord.

The Premier said he was ready to reestablish normal diplomatic relations with Laos, putting his government on record as not objecting to sending diplomatic representation to a capital where the Communist regime of North Vietnam also is represented.

At the same time Premier Khanh named a delegation to meet Prince Sihanouk in Phnompenh as quickly as possible to discuss delicate border issues. The Foreign Ministry announced that an 11-man delegation headed by Brig. Gen. Huynh Van Cao would fly from Saigon to Phnompenh tomorrow morning.

Swift diplomatic developments in the last few days led officials here to the guarded hope that the North Vietnamese regime could be isolated or at least hampered in its support for the Communist insurgents in South Vietnam.

Accords with Laos and Cambodia could have an immense effect on South Vietnam's struggle against the Communist guerrillas. For this reason American officials, including Secretary of Defense Robert S. McNamara, have been urging Premier Khanh to adopt a position of flexibility in settling old scores with neighboring countries.

The aim of the talks with both Cambodia and Laos will be to cut off as much as possible border supply routes and safe havens that have permitted recent large-scale Communist attacks.

Reliable sources disclosed that General Khanh met last weekend with Gen. Phoumi Nosavan of Laos for a military planning session in the Vietnamese mountain resort of Dalat. General Khanh left Saigon immediately after Secretary McNamara and Gen. Maxwell D. Taylor, head of the U.S. Joint Chiefs of Staff, ended their 5-day visit Thursday night.

The sources said the Laotian general was conferring with the full support of Prince Souvanna Phouma, the neutralist Laotian Premier, who, following a recent visit to Cambodia, is believed to have moved toward the rightist position of favoring an accord with South Vietnam.

Premier Khanh declined to discuss military aspects of his talks with the Laotians. Independent observers noted that military coordination between General Khanh and Gen. Phoumi Nosavan would be hampered by the weakness of the Laotian general's forces and the terrain along the Laos-South Vietnam frontier.

Asked about normalizing diplomatic relations with Laos, however, Premier Khanh said: "We are ready to send representation to Vientiane as soon as possible." He said his government had no objection in principle to the presence in Vientiane of North Vietnamese diplomats. This so-called two Vietnams question led to the disruption of relations with Laos by the late South Vietnamese President Ngo Dinh Diem, toward the end of 1962.

As in the two-Chinas situation involving the Communist and Nationalist regimes, the Saigon Government has refused to post diplomats in capitals where the Hanoi regime also was represented.

Commenting on the position of the Diem regime, which was ousted in a coup d'etat last November, Premier Khanh said, "We are now more realistic."

Western diplomats have long urged reestablishment of ties with Laos if only to maintain valuable contacts and intelligence sources in a neighboring country that also is close to North Vietnam.

The opening for an accord with Cambodia arose when Prince Sihanouk abruptly canceled plans to send a delegation to Hanoi to seek an agreement with North Vietnam. There had been reports that the Cambodian leader wanted to open diplomatic relations with Hanoi.

Diplomatic informants here believe that the Hanoi regime gave only half-hearted response to the Prince's approach, offering to support Cambodian neutrality, but hesitating on the question of entering into border discussions as Prince Sihanouk requested. Cambodia and North Vietnam do not have a common frontier but the Prince was believed to have hoped to entice Hanoi into negotiating in the name of all Vietnam on the southern frontier issues.

Diplomats noted that if this was Prince Sihanouk's intention, recognition of Hanoi as the Government for all Vietnam went well beyond any claims of the Communist North Vietnamese regime. They suspect that the North Vietnamese leaders were as mystified by Prince Sihanouk's frequent changes of position as are the Western Governments. They believe that the Communists were unwilling to enter into close accords because of the unpredictability of the Cambodian leader.

SALINGER, HATCHER, AND REEDY

Mr. MANSFIELD. Mr. President, it was with surprise and regret that I heard last night and read in this morning's papers that Pierre Salinger had resigned as press secretary to President Johnson. The same feelings mark my reaction to the resignation of Andrew Hatcher, who was Mr. Salinger's assistant in this most important position.

Mr. Salinger and Mr. Hatcher have both been outstanding in their individual capacities under the Presidency of the late John Fitzgerald Kennedy and President Lyndon B. Johnson. I know that they both worked in close accord with President Johnson and they gave to him their utmost in devotion, ability, and integrity.

Pierre Salinger brought to the White House an exuberance and a talent which will be sorely missed. Andrew Hatcher brought a stability and a soundness of outlook which made them a very effective team. To both of them I wish to extend my very best wishes for a job very well done, and to express the hope, also, that their manifold talents will continue to be used by the Democratic Party in the months and years ahead.

Though I regret the leaving of both of these devoted public servants, I am extremely pleased that George Reedy, a long and honorable friend of many of us here in the Senate, has been designated to succeed Mr. Salinger. George Reedy is a first-rate newsman, and will make an excellent press secretary to President Johnson, whom he has served so long, so faithfully, and so well. It is good news, indeed, that in this transition period the reins will be taken over by a man of experience, knowledge, and ability.

The job of White House press secretary is not an easy assignment, but, rather, a demanding one. It calls for

integrity, devotion, and know-how; and, in all these respects, Pierre Salinger and Andrew Hatcher lived up to expectations. George Reedy will do no less; and I know I speak for his many friends in the Senate when I wish for him good health, good work, and good luck in the difficult period which faces this country in the months and years to come.

Mr. President, it is with deep regret that I watch Pierre Salinger and Andrew Hatcher leave us; it is with confidence that I look forward to George Reedy's taking over the reins.

I ask unanimous consent that the exchange of letters between President Johnson and Pierre Salinger be printed in the RECORD, together with an article entitled "Exuberant Newsman," which was published today in the New York Times.

There being no objection, the letters and the article were ordered to be printed in the RECORD, as follows:

[From the New York (N.Y.) Times, Mar. 20, 1964]

LETTER EXCHANGE

WASHINGTON, March 19.—Following are the texts of Pierre Salinger's letter of resignation as White House press secretary and President Johnson's acceptance:

SALINGER LETTER

"DEAR MR. PRESIDENT: It is with sincere regret that I submit my resignation as White House press secretary. It has been a privilege which comes to few men to serve in this great office for over 3 years. I leave the office with sadness and with many warm recollections.

"I have made this decision for personal reasons which I will explain to the public in the very near future.

"I want to tell you what an honor it has been to serve you since that dark day in November when President Kennedy was killed. You have grasped the reins of Government with a sure and firm hand and restored faith not only in our country but throughout the world in our constitutional system. I am confident that the country will continue to grow and prosper under your able leadership in the years to come and I hope that the opportunity will come at some future time to serve you and your administration.

"With my warm gratitude for many and repeated kindnesses, I am,

"Sincerely,

"PIERRE SALINGER."

PRESIDENT'S REPLY

"DEAR PIERRE: I accept your resignation—but only with the greatest regret and with a reluctance that bows only to your strong personal desire to return to California.

"You have served your country well in the past 3 years. I greatly appreciate the faithful and competent service you have given me since I became President. Your energy and talents have been indispensable, and they will be sorely missed.

"I hate to see you go. I will always be grateful for the help and devotion you have shown me—but above all, for your friendship.

"Sincerely,

"LYNDON B. JOHNSON."

[From the New York (N.Y.) Times, Mar. 20, 1964]

EXUBERANT NEWSMAN: PIERRE EMIL GEORGE SALINGER

WASHINGTON, March 19.—Pierre Emil George Salinger, gourmet, cook, bon vivant, confidant of Presidents, poker player extraor-